



Caroline County, Virginia
Fiscal Year 2006-2007 Adopted Budget
Introduction and Guide to the Caroline County Annual Budget

The annual budget is, arguably, the most important financial document a governmental organization produces. It is a detailed financial plan for the coming fiscal year that documents a) how much the government expects to spend during the year and what services or capital items the expenditures will support, and b) how much income the government expects to receive during the year to fund those expenditures and from what sources it expects that income to be derived.

The annual budget is an essential tool for the management of the organization by the governing body of the entity and its staff. At the same time, the budget can be an extremely useful tool for the government to communicate with its residents, taxpayers, business owners and the many other stakeholders who have an interest in its finances and it can provide a wealth of information so these same stakeholders can be informed and knowledgeable participants in the government's affairs. Among other things, the budget can communicate policy priorities, financial trends and current status, changes that are occurring in essential public services and the driving forces behind those changes, and plans for the future.

With that in mind, this Introduction and Guide to the Caroline County Annual Budget has been prepared to assist interested users of the document to understand how the Budget is prepared and organized and where important information may be found.

Preparation of the Annual Budget

Each locality in the Commonwealth of Virginia is required by State Code to prepare and approve an annual budget prior to the commencement of each July 1st through June 30th fiscal year. In Caroline County, a Adopted Annual Budget is prepared and submitted to the Board of Supervisors by the County Administrator. It is assembled from funding requests solicited and received from County Department heads, Constitutional Officers, and independent offices and agencies supported, in whole or in part, by the County. The County Administrator reviews these requests and, with consideration for the County's expected revenues and overall financial condition, crafts a Adopted Budget plan for the Board of Supervisors consideration.

The Annual Budget includes all operating, debt service and capital expenditures of the County for the year. Operating expenditures are expenditures for personnel salaries and benefits and all other services, materials and supplies necessary for the delivery of the various public services, such as public safety or solid waste collection and disposal that Caroline County provides. Debt service expenditures are payments of principal, interest and administrative fees for the repayment of funds borrowed from banks or other lenders for capital expenditures in prior years. Capital expenditures includes spending during the fiscal year for the acquisition or construction of equipment or real property items with a cost of \$10,000 or more and a useful life of more than two years – items such as new or replacement vehicles or a new public school or park.

**Fiscal Year 2006-2007 Adopted Budget
Introduction and Guide to the Caroline County Annual Budget (continued)**

Preparation of the Budget for the County schools is a task performed by the Caroline County School Board, an independently elected Board that is responsible for the operation of the K through 12 public school system in the County. Much of the funding for the school system is provided by the Commonwealth of Virginia, but a substantial local contribution is required. The School Board, however, has no revenue raising authority of its own and must rely on the Board of Supervisors and its powers of taxation to provide the necessary local funding. As a result, the Board of Supervisors has broad approval authority over the County School budget and it is therefore included as a major component of the overall County Budget.

The Adopted Budget is generally submitted to the Board in late February in order to provide adequate time for Board members to review, discuss and make decisions about the spending proposals being made prior to adopting a final spending plan just prior to July 1st. The Board of Supervisors value public input on the budget and efforts are made to communicate the Adopted Budget to the public. This includes the publication of a detailed public notice on the Budget and conducting a formal public hearing to obtain input from interested stakeholders on the spending plan.

A Guide to the The Budget Document

The County Administrator's Budget Message

In both the Adopted and Final Adopted Budgets of the County, the first major component of the document is the County Administrator's Budget Message. This is a formal letter of transmittal from the County Administrator which highlights the most important elements of the spending plan. In the Budget Message, significant changes in spending patterns are underlined, major policy choices are outlined for Board and public consideration, projects completed or planned for the future are summarized, and important revenue and other financial trends are identified. The Budget Message may be viewed as an executive summary of the entire budget document that follows.

The Overview Section

After the Budget Message is the Overview Section of the Budget. This Section includes an organization chart of the County followed by a variety of charts and tables that provide a summary perspective of the entire County spending plan and comparative information that shows how the current Budget measures up against prior year budget history. Tables and charts are also included that focus on personnel and human resource expenditures, the most important component of expenditures in labor intensive government services.

The Revenue Section

Following the Overview Section is the Revenue Section - devoted to the income or funding side of the budget equation. In this Section, detailed and summary charts and tables are provided that paint a picture of how Caroline County expects to generate the income necessary to fund the spending plan outlined elsewhere in the document. The

Fiscal Year 2006-2007 Adopted Budget
Introduction and Guide to the Caroline County Annual Budget (continued)

Section includes narrative discussion of the major revenue sources upon which the County relies along with charts analyzing those revenues and highlighting trends over time or comparisons with neighboring or similar localities.

The Operating Budget

After the Revenue Section, the detail of the Operating Budget is presented on the basis of funds. In governmental accounting, a fund is a subsidiary grouping of accounts within the large accounting structure of the government entity. Funds are created to segregate assets, liabilities, revenues and expenditures where necessary to demonstrate legal compliance or to facilitate financial management.

In Caroline County, as in every other governmental entity, the largest and most important fund is the General Fund and it is, therefore, the first one covered in the operating budget. This is the fund which is used to account for all activity that is not recorded in any other fund. It is the general operating fund of the County, most tax and fee revenues are recorded in it and it is the one which is used to account for the public service expenditures most commonly associated with local government.

Within the General Fund, budgeted expenditures are presented by Function. A Function is defined as a group of related activities aimed at accomplishing a major service or regulatory program that the County is responsible for. Within the broad functional service category of Public Safety, for instance, are the activities of the County Sheriff, the County's Department of Fire, Rescue and Emergency Management, the County Animal Control Department and other similar activities.

Following the General Fund section, are separate Operating Budget sections for the Caroline County Schools, Social Services Funds, Other Operating Funds, and Enterprise Funds.

For consistency and for ease of reference and comparison, the budget for each activity, except Schools, has been presented in a standardized format. Caroline County has begun to implement a performance based budgeting process. The intent of the process is to shift the focus of the budget away from a detailed listing of expenditures and revenues for each activity and to look instead at how resources are used to accomplish goals and objectives for service improvement or enhancement and the measurement of performance and service impact – to look less at how much is being spent and more on what is being accomplished with the spending. The Board of Supervisors and staff believe strongly that this effort will enhance the use of the budget as a management tool and as a communication device, and strengthen accountability. The School Division Budget is prepared by the County School Board and is presented in a line item format.

Following are sample pages from the operating budget and an explanation of the items shown on those pages for each operational activity.



Caroline County, Virginia
Fiscal Year 2006-2007 Adopted Budget

Position: General Government Administration
Department/Office: Treasurer
Division: Treasurer

Mission:
The office of the Treasurer is a non-political office and operates independently of the local government. It is an elected position for a four-year term and serves at the pleasure of the voters. The Treasurer is directly responsible to the citizens of the locality. The Treasurer's responsibilities encompass the collection and deposit of taxes and local funds, the investment and disbursement of local funds, and the accounting for those funds. The mission of the office is to serve the citizens of Caroline County by providing the highest level of customer service, integrity and fiscal responsibility. We will apply fair, uniform and equitable tax laws of the Commonwealth of Virginia and Caroline County, while maintaining accountability to the citizens of Caroline.

Budget Unit Description/Activities:
Direct and plan for the collection of and accounting for all local tax revenues coming into the locality. Supervise and administer and collection of real estate taxes, personal taxes, and local use and all local taxes. The Treasurer is responsible for implementing state mandated programs that impact the billing process such as the Personal Property Tax Relief Act of 1999. Administer the 1984B mobile collection of other local revenues including vehicle license (license), annual licenses, business occupancy taxes, motor taxes, business licenses, utility fees, local sales tax, building permits, as well as other local fees. Manage the receipting of state funds at the local level. State funds managed by the Treasurer include State Income Taxes and Estimated Income Taxes. Oversee the delinquent collection program. Review the use of wage liens, DMV liens and vehicle liens on tax, land sales through Real Estate proceedings, and State tax-off debt liens. Funds collected include delinquent real estate taxes, personal property taxes and local taxes. Administrative responsibilities cover the locality's bank positions in order to ensure sufficient funds are available to cover all authorized expenditures. Additionally, the Treasurer ensures that all warrants are properly drawn by the locality with adequate substantiation and Appropriations. Directs bonding operations to ensure the responsibility of receipts and the timely deposit of funds. Manages the accounting, monitoring and reporting of funds under the control of the Treasurer's office. Administers the investment of local funds in accordance with the Code of Virginia, ensuring the best rate of return over allowable investments.

- Fiscal Year 2005-2006 Goals/Objectives:**
- Work with Commissioner of the Revenue and the County Administrator to promote DMV licensing. County can collect 3.5% of transaction revenue and 9% of revenue collected by county registered tax funds. Last year we processed over 4,500 registrations/licenses and issued over 2,500 bills.
 - Increase collection efforts utilizing DMV liens and wage liens to increase personal property tax collections. Currently, 1.5% of real estate taxes are delinquent after one year and over with the HPMA credit. 7% of our taxpayers are delinquent after one year for personal property.
 - Continue to work with Banks and Credit and Accountants to allow taxpayers to pay taxes electronically from their checking accounts. This would also include setting up a utility payments and vehicle check. Currently, they can mail payments if they have entire amount, but we still receive a check. This process would increase the number of bills and the paying of the accounts.
 - Continue to work with the County Administrator, Finance Department and the Board of Supervisors to keep up on improvements in their behavior and cash flow.

Mission: A brief statement of the basic purpose for the budget unit's existence – the essential public need it is intended to fill.

Budget Unit Description/Activities: A summary of the functional activities carried on by the unit and the services it provides to the community in furtherance of its stated mission. Discussion of organization, staffing, and cost sharing arrangements may also be included.

Fiscal Year 2006-2007 Goals/Objectives: Specific achievements the budget unit is expecting to accomplish during the next budget year.

Service Level/Performance Statistics: Statistical measures of the budget unit's work load, work performance, efficiency, and/or effectiveness with historical comparisons to indicate change over time.

Budget Highlights: Explanation of significant changes in expenditures.

Budgeted Funding and Expenditures: A summary of the funds to be spent by the unit detailed by category of expenditure and the sources of funds for those expenditures. Shown with historical comparisons to indicate change.

Service Level/Performance Statistics:

Description	FY 2003-03 Actual	FY 2003-04 Actual	FY 2004-05 Budget	FY 2005-06 Budget
Real Estate Tax Bills Mailed	43,376	53,256	46,000	48,000
Personal Property Tax Bills Mailed	34,388	34,675	25,000	25,500
Mortgage Company Accounts Maintained	7,110	7,379	7,761	7,100
Vehicle License Bill	72,437	34,219	25,300	26,500
Accounts With State for Delin. So. Off	7,258	8,789	9,550	10,000
Delinquent Vehicle Lien	1,490	2,810	3,750	4,000
Car License Issued	150	57	100	300
DMV Signa Placed	481	30	300	500
Tax Verification for Title Registrars	2,332	2,651	3,000	3,500
State Income Tax Payments Received	1,594	1,708	1,800	2,000
Utility Payments Received	1,030	4,478	5,250	6,000
DMV License Agent Transactions	3,965	7,001	1,800	3,000
Building Permit Payments Received	670	783	1,000	1,200

Budget Highlights:
The largest budgeted for part time staff has been raised from \$6,000 to \$12,000.

Budgeted Funding and Expenditures:

	FY 2003-04 Actual	FY 2004-05 Actual	FY 2004-05 Budget	FY 2005-06 Adopted Budget	Change Amount	%
Revenues						
General Fund	\$ 177,189	\$ 174,281	\$ 202,894	\$ 212,281	\$ 9,387	4.6%
Federal Grant & Charge	\$ 2,000	\$ 2,071	\$ 2,200	\$ 2,000	\$ (200)	-8.0%
Competition A/R State	\$ 109,267	\$ 95,463	\$ 102,881	\$ 127,946	\$ 25,065	24.4%
Competition A/R Local	\$ -	\$ -	\$ -	\$ -	\$ -	-
Competition A/R Local	\$ -	\$ -	\$ -	\$ -	\$ -	-
Total	\$ 288,456	\$ 271,815	\$ 307,975	\$ 342,227	\$ 34,252	11.1%
Expenditures						
Personnel Services	\$ 172,440	\$ 175,911	\$ 187,762	\$ 196,186	\$ 8,424	4.5%
Employee Benefits	\$ 52,335	\$ 52,923	\$ 62,366	\$ 71,555	\$ 9,189	14.7%
Travel Services	\$ 4,483	\$ 4,945	\$ 9,205	\$ 7,820	\$ (1,385)	-15.0%
Other Charge	\$ 28,365	\$ 27,880	\$ 30,800	\$ 32,103	\$ 1,303	4.2%
Miscellaneous Supplies	\$ 77,740	\$ 15,730	\$ 14,054	\$ 17,150	\$ 3,096	21.9%
Capital Outlay	\$ -	\$ -	\$ 1,000	\$ 1,600	\$ (1,600)	-100%
Total	\$ 285,363	\$ 277,489	\$ 307,387	\$ 326,314	\$ 18,927	6.2%

Fiscal Year 2006-2007 Adopted Budget
Introduction and Guide to the Caroline County Annual Budget (continued)

The Capital Improvement Program

Following the operating budget pages is a section for the Capital Improvement Program. In this section are shown expenditures to be made during the budget year for the construction, acquisition or replacement of infrastructure, real property or major pieces of equipment with an expected useful life of more than two years and a cost of \$10,000 or more. Expenditures in this section are broken down into General Government, School and Utility projects. The expenditures have also been subdivided into Infrastructure capital projects - major investments in new facilities that extend or expand the County's service generating capacity, and Equipment/Replacement projects or items.

Pages in this section provide a description of each Infrastructure project and a summary listing of the Equipment and Replacement expenditures that are planned for the year. Because Capital Improvement projects involve the expenditure of large sums requiring advance planning, multi-year plans for the future have been prepared for both Infrastructure and Equipment and Replacement projects. Those plans have been included as the final items in the Capital Improvement Program section.

Appendix – Detailed Line Item Worksheets

The final section in the County Budget document is a series of worksheets showing the line item detail for all of the operating and capital budget expenditures.